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Message Text

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45
ACTION COME-00

INFO OCT-01 NEA-10 ADP-00 EB-11 CIAE-00 INR-10 NSAE-00

RSC-01 RSR-01 L-03 /037 W
---------- 075059
R 301005 Z MAY 73
FM AMCONSUL KARACHI
TO SECSTATE WASHDC 7232
AMEMBASSY ISLAMABAD
AMCONSUL LAHORE

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DEPT PASS COMMERCE

E. O. 11652: N/ A
TAGS: ETRD, PK
SUBJECT: FURTHER APPROACH ON WHITIN SPINNING EQUIPMENT
SUPPLY PROBLEM

REF: KARACHI 0862

1. ANOTHER WHITIN CUSTOMER (KHWAJA MOHAMMAD MASOOD, PROPRIETOR OF MAHMOOD TEXTILE MILLS, MULTAN) CALLED ON ME 30 MAY TO EXPRESS CONCERN OVER APPARENT INTENTION WHITIN TO REFUSE EXTEND VALIDITY OF CONTRACT FOR SUPPLY UPWARDS OF $500,000 OF SPINDLES BEYOND STIPULATED DATE OF 31 MAY. HE SAID THAT INDUSTRIAL DEVELOPMENT BANK PAKISTAN (IDBP) AND ASIAN DEVELOPMENT BANK (ADB) HAD APPROVED FINANCING, BUT THAT ADB REQUESTED MINOR TECHNICAL CHANGES IN CONTRACT, WHICH HE SAID RESULTED FROM ERRONEOUS DRAFTING BY WHITIN, AND THAT NECESSITY TO AMEND CONTRACT IS ONLY THING PREVENTING OPENING OF LC BEFORE 31 MAY, AS STIPULATED IN CONTRACT.

2. MASOOD MADE POINT THAT EXTENSION VALIDITY DATES BY FOREIGN SUPPLIERS IS USUAL PRACTICE AND NOTED THAT BRITISH, ITALIAN AND FRENCH SUPPLIERS HAVE NOT HESITATED TO ACCORD HIM THIS FACILITY EVEN IN PERIODS OF RAPIDLY RISING PRICES. HE POINTED
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OUT THAT CURRENT WHITIN SALES IN THIS COUNTRY ARE FIRST MAJOR SALE WHITIN EQUIPMENT IN PAKISTAN IN TEN YEARS. HE PREDICTED THAT STRICT ENFORCEMENT CONTRACT VALIDITY DATE, PARTICULARLY IF WHITIN DEMANDED NEW CONTRACT AT HIGHER PRICES, WOULD MAKE VERY BAD IMPRESSION ON THE TRADE.

3. I EXPLAINED TO MASOOD EXTRAORDINARY WORLD DEMAND FOR SPINNING EQUIPMENT AND EFFECT THIS MIGHT HAVE ON DISPOSITION OF FOREIGN SUPPLIERS TO STICK WITH CONTRACTED PRICE WHEN THEY COULD FIND LEGAL GROUNDS FOR SELLING AT A HIGHER PRICE TO ORIGINAL CUSTOMER OR ELSEWHERE IN THE WORLD. I SAID THAT I WOULD, NEVERTHELESS, BRING HIS CASE TO THE ATTENTION OF CONCERNED U. S. G. AGENCIES AND URGE THEM TO PRESENT HIS CASE IN AS STRONG TERMS AS POSSIBLE TO WHITIN.

4. COMMENT: I AM INCREASINGLY CONCERNED ABOUT THE POSSIBLE IMPLICATIONS OF CURRENT WHITIN POSTURE FOR U. S. TEXTILE MACHINERY EXPORTS AND PERHAPS OTHER U. S. EQUIPMENT SUPPLY TO THIS MARKET. AS POINTED OUT IN REFTEL, WE HAVE GOOD CHANCE HERE OF INCREASING MARKEDLY OUR SHARE OF CERTAIN MARKETS BECAUSE OF ADVANTAGE OF DOLLAR DEVALUATION. IF THIS CHANCE IS MUFFED, WE MAY SUFFER SIGNIFICANT SETBACKS IN SEVERAL SECTORS OF OUR TRADE PROMOTION PROGRAM HERE.

5. I AM ANXIOUS FOR NEWS OF WHITIN' S RESPONSE TO STATE AND/ OR COMMERCE REPRESENTATIONS.
TIGER

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*** Current Handling Restrictions *** n/a
*** Current Classification *** LIMITED OFFICIAL USE

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TAGS: ETRD, PK
To: COME
ISLAMABAD
LAHORE
SECSTATE WASHDC
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